

Atlantica Sustainable Infrastructure Plc

Terms of Reference - Compensation Committee

Purpose

The Committee has been established to assist the Board with ensuring that the Company has a compensation plan that is both motivational and competitive for the members of Senior Management so that it will attract, hold and inspire performance of the Senior Management of a quality and nature that will enhance the sustainable profitability and growth of the Company.

Definitions

References to the "**Committee**" shall mean the Compensation Committee.

References to the "**Board**" shall mean the Board of Directors of the Company.

References to the "**Company**" shall mean Atlantica Sustainable Infrastructure Plc.

Reference to the "**Senior Management**" refers to the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer, Chief Administrative Officer, Vice-Presidents, General Counsel, the high-level executives that report directly to the CEO and/or CFO and any other employee of the Company as it may be determined by the CEO to constitute senior management of the Company.

The word "**remuneration**", as used in these terms of reference, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments, incentive payments, (including any compensation payable for loss or termination of office or appointment) and share options.

1. Membership

1.1. The Committee shall comprise at least two and no more than five members. Only one member of the Committee might be non-independent director, the other members of the Committee shall be independent non-executive directors and must satisfy the requirements for independence under Nasdaq Rules 5605 (a) (2). Members of the Committee shall be appointed by the Board, on recommendation of the nominating and corporate governance committee.

1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

1.3. Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods provided the director still meets the criteria for membership of the committee.

1.4. The Board shall appoint the Committee chairman who shall be an independent non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The duties of the Chairman of the Committee will be limited to call meetings, prepare the agenda in consultation with the Chairman of the Board, the CEO and Committee Secretary, to chair and coordinate the meeting, and to report conclusions and recommendations to the board, ensure the Committee carries out its responsibilities in a timely and effective manner, and to follow up on decisions made by the Committee. The chairman will not have any other duties or authority internally or externally. The chairman of the Board shall not be chairman of the Committee.

2. Secretary

The Company Secretary shall act as the Secretary of the Committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Conflicts at meetings

Each member of the Compensation Committee shall disclose to the Compensation Committee:

- (a) Any personal financial interest (other than as a shareholder of the Company) in any matter to be considered and decided by the Compensation Committee; or
- (b) Any potential conflict of interest arising from a cross-directorship. Any such member shall abstain from voting on resolutions of the Compensation Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Compensation Committee.

4. Quorum

The quorum necessary for the transaction of business shall be a simple majority of its members.

5. Frequency of Meetings

The Committee shall meet at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Should an urgent meeting be required at short notice, such meeting may be held by means of a teleconference or by the circulation of a proposed resolution to all members.

Any such resolution signed by all the members of the Compensation Committee will be as effective as if it had been approved at a meeting of the Compensation Committee.

6. Notice of Meetings

6.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Committee Chairman or by the Board Chairman. Where possible, meetings of the Committee shall be held on the same date as meetings of the Board.

6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than two working days before the date of the meeting.

6.3. Any member of the Committee shall be able to recommend specific items for the agenda to the Secretary of the Committee.

7. Minutes of Meetings

7.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee chairman.

8. Annual General Meeting

The Committee chairman should attend the annual general meeting to answer questions from shareholders on the Committee's activities.

9. Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

9.1. Analyze, discuss and make recommendations to the Board regarding the setting of the remuneration policy for all directors as well as Senior Management, including pension rights and any compensation. No director or Senior Manager shall be involved in any decisions as to their own remuneration;

9.2. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of such policy shall be to attract, retain and motivate Senior Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the

risk tolerance of the Company and alignment to the Company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company;

9.3. Analyze and discuss proposals made by the Board regarding the Company's remuneration policy;

9.4. Review the on-going appropriateness and relevance of the remuneration policy;

9.5. Within the terms of the agreed policy and in consultation with the chairman of the Board, as appropriate, determine the total individual remuneration package of each executive director;

9.6. Annually review the total Directors' compensation program including bonuses, incentive payments and share options or other share awards, and make any recommendations to the Board for its consideration and approval;

9.7. Review and make recommendations regarding the compensation guidelines for Senior Management remuneration;

9.8. Assess and report to the Board on the annual performance of the CEO as measured against the performance objectives established at the beginning of the year;

9.9. Review and approve, on annual basis, and recommend for approval by the Board, the CEO's annual compensation package and performance objectives based on the evaluation of the CEO's performance;

9.10. Review and approve any significant changes to the overall compensation program;

9.11. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfill its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board in coordination with management;

9.12. Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;

9.13. Review the design of all long-term incentive plans for approval by the board and shareholders. For any such plans determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and CEO and the performance targets to be used;

9.14. To review and approve the compensation payable to executive directors and CEO for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

9.15. Oversee any major changes in employee benefits structures throughout the Company or group;

9.16. Oversee the policy for authorizing claims for expenses from the directors; 9.17 work and liaise as necessary with other Board committees;

9.17. Considering the implications of the potential risks associated with the Company's compensation policies;

9.18. To ensure that provisions regarding disclosure of information, including pensions, are fulfilled and that the Company produces a report of its remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Company has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company. This report should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives;

10. Reporting Responsibilities

10.1. The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11. Other matters

The Committee shall:

11.1. Have access to sufficient resources in order to carry out its duties;

11.2. Give due consideration to laws, regulations, including the general duties of directors set out in the Companies Act 2006, and any published guidelines or recommendations regarding the remuneration of directors of listed and non-listed companies and formation and operation of share schemes;

11.3. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;

11.4. In consultation with the Board Chairperson, ensure that all items requiring the Committee's approval are appropriately tabled;

The Committee shall review and reassess the adequacy of these terms of reference at least annually, and otherwise as it deems appropriate and recommend changes to the Board.

12. Authority

12.1 The Compensation Committee is authorized to seek any remuneration information it requires from the Senior Management who is directed to co-operate with the Remuneration Committee.

12.2 The committee is authorized by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

13. Approval

Approved by the Board of Directors on February 27, 2018.